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Former Petrobras Executive to Return \$100 Million in Corruption Probe

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Byline: By Paul Kiernan

Body

RIO DE JANEIRO--A former manager at Petroleo Brasileiro SA has agreed to return \$100 million to public coffers from his overseas bank accounts, as part of a deepening investigation into alleged corruption at the state-run oil company, according to court documents.

A Brazilian judge overseeing the case says in court documents that Pedro Barusco, a former high-level manager in Petrobras's engineering and services division, has agreed to pay the money back as part of a plea deal with federal prosecutors. The documents, containing the judge's statements made last month, were reviewed by The Wall Street Journal on Wednesday.

The federal prosecutors' office declined to confirm or deny whether it had entered a plea deal with Mr. Barusco, who left Petrobras in 2011 and isn't in jail. Prosecutors didn't say whether he had been formally charged as part of the plea deal. Neither Mr. Barusco nor his lawyers could be reached for comment Wednesday.

At least two suspects arrested in the investigation during recent months admitted to paying bribes to Mr. Barusco and his boss, former Petrobras Engineering and Services Director Renato Duque, according to federal Judge Sergio Fernando Moro, who is presiding over the case.

Prosecutors and witnesses say several construction companies that regularly do work for Petrobras formed a cartel to drive up prices for major contracts. The contractors also allegedly paid bribes to several Petrobras executives and Brazilian politicians. Some contractors have denied the allegations, while others have admitted to making improper payments.

Petrobras has previously said it considers itself a victim of the alleged scheme and is collaborating with authorities.

The company's former refining director, Paulo Roberto Costa, also entered a plea deal several months ago and confessed to receiving bribes. He has agreed to pay back \$23 million, according to statements by Judge Moro.

In a televised congressional hearing Tuesday, Mr. Costa reiterated that everything he had said in his plea deal was true.

Mr. Duque, who was arrested Nov. 14 along with roughly two dozen other suspects, was released from jail Wednesday after his lawyers appealed his preventative detention to Brazil's Supreme Court.

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Judge Moro had previously deemed Mr. Duque a flight risk on the basis of his "veritable fortune" in foreign bank accounts and ordered that he await trial in jail. Information on Mr. Barusco's alleged involvement was provided by the judge during his Nov. 18 decision on whether to keep Mr. Duque in custody.

Judge Moro said, according to court documents, that Mr. Duque's "holding a fortune [outside the country]...and keeping it hidden in secret accounts is evidence that he doesn't intend to submit to penal sanctions in the event of a criminal conviction."

"Without preventive [detention], the risk is run that the suspect may turn fugitive and enjoy the benefit of a criminal fortune---withdrawn from public coffers and held [outside the country]--beyond the reach of public authorities," the judge said.

Mr. Duque hasn't been charged. His lawyers didn't return calls, but in the past have said he denies any participation in a kickback scheme.

In overturning the custody ruling, Supreme Court Justice Teori Zavascki acknowledged that the "elements indicative of materiality and authorship of grave crimes abound" in the evidence against Mr. Duque. But Mr. Zavascki didn't see any indication of "concrete acts" by Mr. Duque that demonstrated his intent to flee the law.

In exchange for leaving jail, Mr. Duque will be prohibited from changing his address or leaving the country, will have to hand over his passport to authorities, and will be required to appear at all legal proceedings to which he is summoned, according to court documents.

Write to Paul Kiernan at paul.kiernan@wsj.com

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